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**FISCAL IMPACT STATEMENT**

**LS 7962**

**BILL NUMBER:** SB 598

**NOTE PREPARED:** Apr 11, 2005

**BILL AMENDED:** Mar 28, 2005

**SUBJECT:** Charter schools.

**FIRST AUTHOR:** Sen. Lubbers

**FIRST SPONSOR:** Rep. Behning

**BILL STATUS:** As Passed House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill requires the Department of Education to publish in its school performance reports, in addition to ISTEP scores, any nationally recognized comprehensive assessment program data submitted by a school corporation, including a charter school. It increases the review period for applications to become a charter school. The bill allows a charter school to provide online and computer instruction in the same manner as other public schools. It requires the Department of Education to obtain federal funding for charter schools. The bill also indicates that a charter school may use a private auditor and prepare financial reports in addition to audits and financial reports required by the State Board of Accounts. This bill provides that the law governing grants to alternative school programs applies to charter schools. It allows the Common School Fund interest balance to be used for charter school facility financing.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** *Annual Report:* The annual performance report published on the Internet for a school corporation, including charter schools, must include any results of nationally recognized assessments of students other than ISTEP that the school uses to measure performance. The bill could increase the cost of the Department of Education in maintaining the website. The primary cost would probably be in modifying the website. The cost would probably be minor.

*Federal Charter School Funds:* The Department of Education is to identify and apply for all federal funds that charter schools may be eligible to receive. The Department shall inform the organizer of a charter school of the potential for federal charter school start-up grants and generate an annual report that contains the dates the applications or renewals of federal funds for charter schools were received and the date they were awarded.

The Department could have some increased costs in identifying and administering federal charter funds.

*Alternative School Grants:* Charter schools would be eligible to receive Alternative School Grants. Currently, charter schools are not eligible to receive the grants. The current appropriation is about \$6.4 M and serves 31,955 students. The bill would increase the number of students in the program by an unknown number.

*Charter Facilities:* The Department of Education would be required to use the interest balance of the Common School Fund (CSF) to provide state matching funds if federal funds become available for charter schools' facilities. This would be dependent on the availability of federal matching funds. The CSF interest balance at the close of FY 2004 was \$16.9 M. Currently, at the end of the state fiscal year, interest earnings on the CSF revert to the state General Fund. Under the bill, any amount of CSF interest used for charter school facility matching funds would reduce funds transferred to the state General Fund.

The Department would be required to adopt guidelines to implement the provisions of the bill. The Department would likely be able to adopt guidelines within existing resources.

Under current law, the Common School Fund may be used to:

- (A) assist school corporations in school buildings and technology programs funding via loans;
- (B) provide aid to school corporations from disasters; and
- (C) make advances to school corporations for anticipated transfer tuition costs.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Charter School Review:* The sponsor would have 75 days instead of 60 days to review a charter school application. The change would not have a fiscal impact.

*Electronic Instructional Services:* Charter schools would be able to offer instructional services through the Internet or by any manner by computer to students enrolled in the charter school. The provision will not have a fiscal impact.

*Financial Reports:* The bill allows, but does not require, charter schools to use any school resources to prepare additional financial reports and audits the schools determine necessary. These reports would be in addition to the audit required by the State Board of Accounts. The impact would be dependent on local action.

(Revised) *Charter Facilities:* Under the bill, charter schools could receive interest from the Common School Fund to finance facilities if federal funds become available. (See: *Explanation of State Expenditures*)

(Revised) *Private Auditor:* The use of a private auditor by a charter school would be done within existing resources. This is also a "may" provision, so it should not have any fiscal impact.

**Explanation of Local Revenues:** See *Explanation of State Expenditures*.

**State Agencies Affected:** Department of Education.

**Local Agencies Affected:** Charter Schools.

#### **Information Sources:**

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